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Economic Cooperation among
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Agenda items 3 and 4

CONCLUSIONS AND RECOMMENDATIONS OF THE INTERGOVERNMENTAL GROUP OF EXPERTS TO THE STANDING COMMITTEE ON ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES */

1. The Intergovernmental Group of Experts on Economic Cooperation among Developing Countries was established by the Standing Committee on Economic Cooperation among Developing Countries, in accordance with its decision to make arrangements for pragmatic policy dialogue between the donor community, regional groupings and participants in ECDC programmes and projects with a view to mobilizing support for designing and implementing regional initiatives and activities.

Main points to emerge from exchange of experience under agenda item 3

2. Participants agreed that there has been an upsurge in interest in ECDC in recent years. Developing countries have worked to strengthen and expand their economic cooperation and integration schemes. Developed countries and international organizations have shown greater willingness to support them.

3. Despite increased efforts in strengthening regional integration and cooperation arrangements, there remains a broad perception that, while there have been successes, many regional groupings are still facing difficulties in achieving their objectives. However, the exchange of experience in the meeting

*/ Adopted at the 2nd (closing) plenary meeting, on 1 July 1994.

indicated that greater efforts should be made in order to reach better commitment by member governments of regional arrangements towards the implementation and enforcement of decisions. In several cases there has been a discrepancy between the objectives that were put forward and the effective means to realize these objectives.

4. Another issue discussed was the proliferation of regional arrangements with overlapping mandates and competencies as well as the lack of policy coordination between national and regional bodies on, inter alia, structural adjustment programmes.

5. In spite of these problems, important positive developments within some integration groupings, such as their move towards an open regionalism, the increase of common infrastructure and further capacity building, are making them increasingly attractive for international support.

6. There was also consensus that greater involvement of the private sector was essential for the success of integration, mobilization of support for regional integration arrangements and the implementation of their programmes.

7. From the point of view of the attitude of donors specifically, problems in implementing regional integration and cooperation have acted as disincentives in mobilizing donor support, particularly when many donors were confronted with the reality of diminishing resources and were acutely conscious of the need for prioritization to ensure that available resources had strong catalytic and multiplier effects.

8. From the point of view of recipients, there were problems related to the delivery of donor assistance. In some cases there was a lack of genuine understanding of development problems of economic integration. In the majority of cases, donors preferred to finance national rather then regional projects: likewise, some beneficiary countries were reluctant to have funds allocated to regional projects that were formerly available on a national basis. Another problem was lack of effective coordination of donor assistance, which contributed to duplication of efforts and wastage of resources. Apprehension was expressed about conditions being attached to assistance and procedures which led to delays in delivering that assistance. However, it was recognized that necessary procedures and conditions are aimed at the successful execution of projects and programmes initiated by developing countries, which, ultimately, is the aim of donor assistance to ECDC. A major cause of delay was the common practice for donors to consider requests for assistance only when they had been channelled through the national government of a member of a regional grouping.

Conclusions

9. It was agreed that ECDC was primarily the responsibility of the developing countries and the donor community should play a supporting role in this process. Meetings between donors and recipients were seen as useful in bringing together development partners to exchange views and gain better understanding of development needs on the one hand and donors' resource constraints on the other.

10. It was considered that greater attention needs to be given to streamlining and rationalization of regional arrangements, donor-recipient dialogue and the coordination of aid types and sources, as well as to the sustainability of programmes.

11. Involvement of the private sector was seen as an additional means of mobilizing finance and investment for regional initiatives. Private sector involvement in dialogue could also produce greater pragmatism in cooperation in regional integration efforts.

Recommendations to the Standing Committee

12. On the basis of its observations and conclusions, the Intergovernmental Group of Experts recommends that:

(a) The Standing Committee support facilitation and promotion of dialogue between ECDC entities themselves and between them and their international partners with the participation of the private sector;

(b) The dialogue could, inter alia focus on:

(i) Exchange of experience of various regions and programmes;

(ii) Major policy issues affecting donor-recipient relations, including the impact of structural adjustment programmes on regional initiatives and the evaluation of the budget implications, taking into account the reduction of intra-regional trade barriers;

(iii) Scope and features of donors' programmes and policies, including the resource constraints they face;

(iv) The medium-term programmes and projects formulated by the ECDC entities, setting a scheduled time frame for action in areas of priority to them;

(v) Identification of areas in which national capacity could be strengthened in so far as ECDC is concerned; in particular, support for training and research in the area of regional integration through seminars, workshops, training and information programmes provided by relevant international bodies;

(c) The Standing Committee call upon regional and international financial institutions to take into account in future the regional dimension in their operation plans, especially through:

(i) Reviewing information about activities and projects decided upon at the regional and subregional levels;

(ii) Facilitating the participation of the regional and subregional groupings as observers in their annual meetings and meetings of the Board of Governors;

(d) The UNCTAD secretariat should request the Development Assistance Committee of the OECD to facilitate the collection, reporting and dissemination of information on ECDC external support;

(e) UNCTAD should cooperate with United Nations regional commissions as well as with other international and regional organizations in giving full support, in particular in:

(i) Providing technical backstopping for this dialogue;

(ii) Providing, on request, assistance to ECDC participants taking into account the available resources in formulating specific programmes and projects considered in the course of the dialogue;

In providing this support, UNCTAD should pay particular attention to facilitating interregional dialogue;

(f) The UNCTAD secretariat should undertake comparative analyses of the successes and failures of regional integration and cooperation arrangements, including an analysis of the areas of overlap of two or more regional integration organizations;

(g) The UNCTAD secretariat should explore ways in which the private sector may assist in enhancing regional cooperation arrangements, for example by supporting regional investment projects in key sectors through Build-Operate-Transfer (BOT) type arrangements, investment funds, etc.